

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2021

Docket No. ACR2021

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-22 OF CHAIRMAN'S INFORMATION REQUEST NO. 9**

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 9, issued on January 31, 2022.

Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSES OF THE UNITED STATES POSTAL SERVICE
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1. Please provide an Excel Spreadsheet presenting the Postal Service employee availability percentage for each month and quarter of FY 2019, FY 2020, and FY 2021.¹ Please disaggregate these data by the following categories: Function 1 Operations—Mail Processing, Function 2 Operations—Delivery Services, Function 4 Operations—Customer Service, and Labor Distribution Code 79 Mailing Requirements and Business Mail Entry. Please disaggregate these data for each Postal Service geographic Area and for the nation. Please also disaggregate FY 2019, FY 2020, and FY 2021 data into mid-year, second-half, and annualized.²

RESPONSE:

Please see the spreadsheet provided as part of the zip file electronically attached to these responses.

¹ See Docket No. ACR2020, Responses of the Postal Service to Questions 1-7, 10-20 of Chairman's Information Request No. 6, February 4, 2021, question 2 (Docket No. ACR2020, Response to CHIR No. 6).

² Mid-year refers to the aggregation of the data for Quarters 1 and 2 of a fiscal year. Second-half refers to the aggregation of the data for Quarters 3 and 4 of a fiscal year. Annualized refers to the aggregation of the data for all four quarters of a fiscal year.

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2. Please refer to the total nationwide number of Critically Late Trips (CLTs) appearing in Library Reference USPS-FY21-29, December 29, 2021, Excel file "FY21 FCM Q3 CLT.xlsx," tab "FY21" and Docket No. ACR2020, Library Reference USPS-FY20-29, December 29, 2020, Excel file "FY20 FCM Q3 CLT Natl Area Dist.xlsx," tab "4.c.3 CLT." Please explain in detail the reasons for the increase in CLTs from FY 2020 to FY 2021. Please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable, please so state, explain why it is unavailable, and provide qualitative analysis in support of the analysis.

RESPONSE:

Row Labels	FY20	FY21	FY21 - FY20	% +/-	% contribution to increase
CONTRACTOR FAILURE	145,246	331,808	186,562	128%	52.5%
DOCK CONGESTION	12,196	80,854	68,658	563%	19.3%
TRAFFIC / CONSTRUCTION / DETOUR	16,758	40,718	23,960	143%	6.7%
LATE OUTBOUND WITH 5466	2,932	21,094	18,162	619%	5.1%
INCLEMENT WEATHER	16,390	29,056	12,666	77%	3.6%
LATE INBOUND WITH 5466	2,336	14,586	12,250	524%	3.4%
DOCK PERSONNEL ISSUES	12,510	23,502	10,992	88%	3.1%
MAIL PROCESSING	2,750	9,996	7,246	263%	2.0%
LATE PROCESSING	12,302	18,198	5,896	48%	1.7%
TRIP CANCELED	264	3,944	3,680	1394%	1.0%
MAIL NOT ON DOCK	1,666	3,996	2,330	140%	0.7%
THS/UPS/FEDEX DELAY	3,364	5,350	1,986	59%	0.6%
DOCK OPERATIONS	648	2,128	1,480	228%	0.4%
EQUIPMENT FAILURE	2,706	3,702	996	37%	0.3%
MECHANICAL FAILURE	13,082	13,414	332	3%	0.1%
STATION/CUSTOMER SERVICE OPS	1,698	1,878	180	11%	0.1%
MAILER/CUSTOMER DELAY	440	556	116	26%	0.0%
LOAD AFTER DEPART	30	22	-8	-27%	0.0%
PVS SCHEDULE FAILURE	15,106	15,084	-22	0%	0.0%
ROAD CONSTRUCTION/DETOUR	128	96	-32	-25%	0.0%
VEHICLE ACCIDENT	1,786	1,434	-352	-20%	-0.1%
LATE INBOUND PVS	940	352	-588	-63%	-0.2%
NO DRIVER AVAILABLE	7,040	5,650	-1,390	-20%	-0.4%
Grand Total	272,318	627,418	355,100	130%	100%

52% of increase is due to increase in contractor failures.

37% of increase is due to Postal causes, with the highest contributors being 'dock congestion' and 'dock personnel issues' (22% of total increase), 'late outbound/inbound with 5466' (9% of total increase), and 'mail processing' and 'late processing' (4% of total increase).

11% of increase is due to traffic, weather, construction, and accidents.

A corresponding Excel file is provided in the zip file of attachments to these responses.

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3. Please provide on-time service performance and service variance results³ for each Market Dominant product at the national level for the first half of FY 2021 and the second half of FY 2021. The on-time and variance results shall correspond to the level of disaggregation (*i.e.*, product and service standard) required by 39 C.F.R. part 3055.

RESPONSE:

Please see the spreadsheets provided as part of the zip file electronically attached to these responses.

³ On-time service performance results refer to the percentage (rounded to one decimal place) of mail delivered within its applicable service standard. Service variance results refer to the percentage (rounded to one decimal place) of mail delivered within +1 day, +2 days, and +3 days of its applicable service standard.

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4. Please provide an Excel Spreadsheet containing the numbers of late and extra trips⁴ to transport mail for each month of FY 2019, FY 2020 and FY 2021 for each Postal Service geographic Area and the nation.

RESPONSE:

Please see the spreadsheets provided as part of the zip file electronically attached to these responses.

⁴ The terms "late trips" and "extra trips" shall have the same meaning as in Docket No. ACR2020, Response to CHIR No. 6, question 7.

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5. Please refer to the following table showing Postal Service products measured by their respective Service Performance Measurement Systems. Please confirm that this table is correct. If not confirmed, please explain.

Internal Service Performance Measurement (SPM) System	Product Tracking and Reporting (PTR) System	Internal Custom Designed Measurement Systems⁵
Single-Piece First-Class Mail	USPS Marketing Mail Parcels	Ancillary Services
Presort First-Class Mail	Bound Printed Matter Parcels	International Ancillary Services (Excluding Return Receipt – Green Card)
Periodicals	Media Mail/Library Mail	Address List Services
USPS Marketing Mail		Money Order Inquiries
Bound Printed Matter Flats		PO Box Service
International First-Class Mail		Stamp Fulfillment Services
International Ancillary Services (Return Receipt – Green Card)		

RESPONSE:

Not Confirmed. International Ancillary Services is not part of SPM. Ancillary Services (Return Receipt – Green Card) is measured by SPM. Please find corrected table below:

⁵ To clarify, Internal Custom Designed Measurement Systems does not refer to one measurement system, but instead a variety of measurement systems designed to track service performance for individual products that are not measured by SPM or PTR.

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Internal Service Performance Measurement (SPM) System	Product Tracking and Reporting (PTR) System	Internal Custom Designed Measurement Systems⁶
Single-Piece First-Class Mail	USPS Marketing Mail Parcels	Ancillary Services (Excluding Return Receipt – Green Card)
Presort First-Class Mail	Bound Printed Matter Parcels	International Ancillary Services
Periodicals	Media Mail/Library Mail	Address List Services
USPS Marketing Mail		Money Order Inquiries
Bound Printed Matter Flats		PO Box Service
International First-Class Mail		Stamp Fulfillment Services
Ancillary Services (Return Receipt – Green Card)		

⁶ To clarify, Internal Custom Designed Measurement Systems does not refer to one measurement system, but instead a variety of measurement systems designed to track service performance for individual products that are not measured by SPM or PTR.

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6. Please describe any changes made to the Delivery and Large Business Panel surveys between FY 2020 and FY 2021.

RESPONSE:

The Postal Service did not make any changes to the Delivery and Large Business Panel surveys between FY 2020 and FY 2021.

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7. Please refer to the tables in the FY 2021 ACR showing FY 2020 and FY 2021 customer satisfaction results. FY 2021 ACR at 74. Please confirm that all FY 2020 and FY 2021 customer satisfaction results are comparable. If not confirmed, for each Market Dominant mailing service with non-comparable results, please:
- a. Identify the results that are not comparable.
 - b. Describe the methodologies used to calculate FY 2020 and FY 2021 results.

RESPONSE:

Confirmed. All FY 2020 and FY 2021 customer satisfaction results on page 74 of the FY 2021 ACR are comparable between years.

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8. The FY 2021 results show that large business customer satisfaction with Market Dominant products increased in FY 2021 for each mailing service. *Id.* By contrast, residential and small/medium business customer satisfaction with Market Dominant products decreased for each mailing service. Please explain the disparity in customer satisfaction between these customer types (large business vs. residential and small/medium business customers).

RESPONSE:

There was a nominal increase for the large business customer satisfaction scores for Market Dominant Products between FY 2020 and FY 2021. The Postal Service identified unusually high Large Business Panel Survey overall satisfaction scores in Q3 and Q4 of FY 2021. This elevated the FY 2021 satisfaction score for large business customers across all products. The Postal Service is in the process of investigating the drivers but does not currently have an explanation. Should one become available during the course of this proceeding, the Postal Service will update this response.

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9. Please refer to the Postal Service's Response to CHIR No. 1, question 9.d., in which the Postal Service states "the 'compliance' of any given passthrough percentage may change between a price case and the subsequent annual compliance report (ACR) (because cost-avoidance data can and do change over that period)...It will of course be impossible for the Postal Service to ensure that all of those passthroughs remain compliant through the next Annual Compliance Review, given the volatility of avoided costs."⁷
- a. Please identify what factors contribute to the underlying volatility of avoided costs.
 - b. Has the Postal Service observed an increase in the volatility of avoided costs in recent years? If yes, please explain why the volatility has increased.
 - c. Please identify specific cost pools that exhibited volatility in FY 2021.

RESPONSE:

- a. Three primary factors can affect the measured cost avoidance estimates:
 - Sampling and non-sampling variation in CRA costs used to develop proportional adjustment factors in cost avoidance models
 - Changes to postal operations, notably (but not exclusively) changes in mail flows and/or cost model inputs such as labor productivities
 - Changes to cost avoidance model methodology
- b. The Postal Service has not studied whether the frequency or degree of changes in avoided cost estimates has increased in recent years. The Postal Service has observed increases in the sampling coefficients of variation (CVs) of mail processing (Cost Segment 3.1) costs for most market dominant products in FY2020 and

⁷ See Responses of the United States Postal Service to Questions 1-29 of Chairman's Information Request No. 1, January 18, 2022, question 9.d. (Response to CHIR No. 1).

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FY2021, compared to FY2015-FY2019. Please see the workbook for this question included in the attached zip file. The CV increases are attributable primarily to declines in market dominant products, relative to competitive products, which tend to reallocate IOCS sample observations towards competitive products (for which sampling CVs have declined overall). Some mail processing cost and productivity changes in FY2020 and FY2021, potentially affecting any number of cost avoidance models, also are likely to have resulted from large changes in product volumes and operational disruptions associated with the coronavirus pandemic.

- c. It is unclear how the question intends cost pools to be characterized as having “exhibited volatility” in FY2021. To the extent the Commission intends the term to refer to unexpected changes in costs for mail processing cost pools taken as a whole, the Postal Service has not identified any individual cost pools (e.g., plant or NDC distribution cost pools) that are likely to be material to changes in cost avoidance estimates.

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10. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY21-NP38.

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11. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY21-NP38.

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12. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY21-NP38.

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13. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY21-NP38.

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14. Please see Attachment, filed under seal.

RESPONSE:

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15. Please see Attachment, filed under seal.

RESPONSE:

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16. Please see Attachment, filed under seal.

RESPONSE:

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17. Please see Attachment, filed under seal.

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18. Please see Attachment, filed under seal.

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19. Please see Attachment, filed under seal.

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20. Please see Attachment, filed under seal.

RESPONSE:

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21. Please see Attachment, filed under seal.

RESPONSE:

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22. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY21-NP38.